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**ITEM 8:* THE ENVIRONMENT FUND, OTHER FINANCIAL MATTERS AND ADMINISTRATION**

# THE ENVIRONMENT FUND: USE OF RESOURCES IN 1992-1993 AND PROPOSED USE OF PROJECTED RESOURCES IN 1994-1995 AND 1996-1997

*Report of the Executive Director*

*Summary*

This report deals with the management of resources of the Environment Fund during 1992-1993, the possible level of resources that will be available for the biennium 1994-1995 and, on the basis of that estimate of resources, the Fund programme that might be afforded for those years. Projections are also made for the biennium 1996-1997 and the guidance of the Council is requested on the formulation of a programme for that biennium.

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* Refers to the number of the item on the provisional agenda (UNEP/GC.17/1).

*Suggested action by the Governing Council*

The Governing Council may wish to take a decision along the following lines:

*The Governing Council,*

*Having considered* the report of the Executive Director on the Environment Fund covering the use of resources in 1992-1993 and the proposed use of projected resources in 1994-1995 and 1996-1997;

1. *Expresses its appreciation* to those Governments that have contributed or have pledged to contribute to the Fund at a higher level in 1992 and 1993;

2. *Notes with concern* that contributions in 1992 have not only fallen short of the target established by the Council but that they will be insufficient to finance the core programme of activities approved by the Council for 1992-1993;

3. *Reconfirms* that, in conformity with Agenda 21 and in order to be able to exercise the functions assigned to it, UNEP requires additional human and financial resources;

4. *Takes note* of the table of assessed contributions to support core activities financed by the Environment Fund based on the Governing Council's target of $100 million for contributions to the Fund in 1992;*

5. *Calls upon* all Governments to contribute to the Environment Fund or, where they are already contributing, to increase their contributions taking into account the table referred to in paragraph 4 of the present decision;

6. *Expresses its appreciation* to the Japan Broadcasting Corporation for its contribution to the Environment Fund and authorizes the Executive Director to accept it;

7. *Takes note* of the revised allocations for 1992-1993 Fund programme activities issued by the Executive Director as a consequence of the shortfall in contributions below the $100 million target for 1992;

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* Annex III to the present report.

8. *Approves* an appropriation of $130 million for core 1 Fund programme activities for the biennium 1994-1995 and decides to apportion this appropriation as follows:

| | *Subprogramme/budget line* | *Amount* (Thousands of United States dollars) | *Percentage* |
|---|---|---|---|
| 1. | Protection of the atmosphere | | |
| 2. | Environmental management of freshwater resources | | |
| 3. | Environmental management of terrestrial ecosystems and their resources | | |
| 4. | Environmental management of oceans and coastal area management | | |
| 5. | Environmental health, settlements and human welfare | | |
| 6. | Environmental economics, accounting and management tools | | |
| 7. | Environmental law, institutions and policies | | |
| 8. | Toxic chemicals and waste management | | |
| 9. | Industry, energy and the environment | | |
| 10. | Earthwatch data, information, assessment and early warning | | |
| 11. | Capacity-building for environmentally sound and sustainable development | | |
| 12. | Support to and cooperation for environmental action (including global and regional cooperation) | | |
| **TOTAL** | | **130 000** | |

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9. *Approves* a second appropriation of $30 million for core 2 Fund programme activities for the biennium 1994-1995, which will be implemented as and when resources become available, taking into account the following apportionment:

| *Subprogramme/budget line* | *Amount* (Thousands of United States dollars) | *Percentage* |
|---|---|---|
| 1. Protection of the atmosphere | | |
| 2. Environmental management of freshwater resources | | |
| 3. Environmental management of terrestrial ecosystems and their resources | | |
| 4. Environmental management of oceans and coastal area management | | |
| 5. Environmental health, settlements and human welfare | | |
| 6. Environmental economics, accounting and management tools | | |
| 7. Environmental law, institutions and policies | | |
| 8. Toxic chemicals and waste management | | |
| 9. Industry, energy and the environment | | |
| 10. Earthwatch data, information, assessment and early warning | | |
| 11. Capacity-building for environmentally sound and sustainable development | | |
| 12. Support to and cooperation for environmental action (Including global and regional cooperation) | | |
| **TOTAL** | **30 000** | |

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10. *Approves* an additional appropriation for Fund programme activities for the biennium 1994-1995 of $40 million as set out below, on the understanding that this additional appropriation will be used only as and when additional resources become available to the Environment Fund once the core 1 and core 2 programmes have been initiated, taking into account the following apportionment:

| *Subprogramme/budget line* | *Amount* (Thousands of United States dollars) | *Percentage* |
|---|---|---|
| 1. Protection of the atmosphere | | |
| 2. Environmental management of freshwater resources | | |
| 3. Environmental management of terrestrial ecosystems and their resources | | |
| 4. Environmental management of oceans and coastal area management | | |
| 5. Environmental health, settlements and human welfare | | |
| 6. Environmental economics, accounting and management tools | | |
| 7. Environmental law, institutions and policies | | |
| 8. Toxic chemicals and waste management | | |
| 9. Industry, energy and the environment | | |
| 10. Earthwatch data, information, assessment and early warning | | |
| 11. Capacity-building for environmentally sound and sustainable development | | |
| 12. Support to and cooperation for environmental action (including global and regional cooperation) | | |
| TOTAL | 40 000 | |

11. *Approves* an appropriation of $5 million to the Fund programme reserve for the biennium 1994-1995;

12. *Reconfirms* the Executive Director's authority to adjust the apportionment for each budget line by 20 per cent, within each of the above appropriations for Fund programme activities in 1994-1995;

13. *Emphasizes again* the need to maintain the liquidity of the Fund at all times;

14. *Authorizes* the Executive Director to enter into forward commitments not exceeding $20 million for Fund programme activities in 1996-1997;

15. *Requests* the Executive Director to draw up a programme for Fund activities in 1996-1997 with a core programme of $ _____ million and a supplementary programme of $ _____ million;

16. *Also requests* the Executive Director to report to the Committee of Permanent Representatives at its regular meetings on matters relating to programme implementation and planning.

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# THE ENVIRONMENT FUND: USE OF RESOURCES IN 1992-1993 AND PROPOSED USE OF PROJECTED RESOURCES IN 1994-1995 AND 1996-1997

*Introduction*

1. Resources available for the implementation of environmental activities come from four different sources, namely:

(a) The regular budget of the United Nations;

(b) The Environment Fund;

(c) Trust funds; and

(d) Counterpart contributions.

2. Table 1 sets out the resources received (either actual or estimated) from each of those sources. This document is concerned only with the resources of the Environment Fund and their use. The management of trust funds and counterpart contributions is dealt with in a separate document.

Table 1. Resources received for environmental activities, 199 -1991, 1992 and 1993

| | 1990-1992 | 1992 | 1993 |
|---|---|---|---|
| | (Actual) | (Estimates | |
| | (Thousands of United States dollars) | | |
| Regular budget | 10 842 | 6 372 | 6 372 |
| Environment Fund | 111 023 | 63 661 | 65 000 |
| Trust funds | 34 854 | 22 266 | 25 000 |
| Counterpart contributions | 10 837 | 8 000 | 8 000 |
| **Total** | **167 556** | **100 299** | **104 372** |

## I. CONTRIBUTIONS TO THE ENVIRONMENT FUND

3. By decision 15/1, section V, the Governing Council agreed "to set a target of $100 million for contributions to the Environment Fund by the year 1992" and called upon all Governments to increase their contributions to the Fund by at least 35 per cent per annum from the 1 January 19 89 level to enable the target to be met.

4. In decision 16/44, paragraphs 3-5, the Governing Council reconfirmed the $100 million target for 1992, noted the Executive Director's view that a contribution of $250 million would be required by 1995 and affirmed "the desirability of working towards a level substantially higher than the present level of contributions to the Environment Fund by 1995".

5. The United Nations Conference on Environment and Development (UNCED) stated that in order for UNEP to be able to perform the functions assigned to i, "it would require access to greater expertise and provision of adequate financial resources" (Agenda 21, chapter 38, para. 38.23).

6. As at 31 December 1992, a total of $62.45 million had been paid to the Fund by 44 countries for 1992. Another 32 countries are still expected to make contributions totalling $1.20 million for that year. Thus, the total estimate of contributions for 1992 is $63.66 million. This figure represents an increase of 6.8 percent over the 1991 estimated contributions of $59.56 million but is significantly short of the Governing Council's target of $100 million. The 1992 total of $63.66 million was, however, affected by exchange rate factors: if the rates of exchange prevailing at the end of 1991 had remained unchanged throughout 1992, the United States dollar value of contributions paid in national currencies would have been $2.36 million higher than it was. Also, no contributions were received from the States of the former USSR whereas in 1990 that country had been a major contributor to the Fund, paying $5.87 million, albeit in non-convertible currency.

7. Of the 65 pledges received for 1992, 30 were at a higher level than in 1991, 28 were at the same level and 7 were at a lower level. Nevertheless, the Executive Director is concerned by the fact that contributions to the Environment Fund are far from the target established by the Governing Council in decision 15/1.

8. In addition to the general concern that contributions to the Environment Fund have fallen short of the target set by the Governing Council, there has been a particular concern that the base of contributions to the Environment Fund is too narrow. In paragraph 20 of decision 16/44 the Governing Council requested the Executive Director "to consider ways of ensuring a more stable and wider basis for voluntary contributions to the Environment Fund". As shown in table 2, 52.5 per cent of pledges to the Environment Fund in 1992 were accounted for by three countries, while 96.3 per cent of contributions were pledged by a total of only 15 countries, with 61 countries pledging the remaining 3.7 per cent.

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Table 2. Contributors to the Environment Fund, 1992

| *Country* | *Amount* | *Percentage* $ |
|---|---|---|
| 1. United States | 17 124 000 | 26.9 |
| 2. United Kingdom | 8 253 000 | 13.0 |
| 3. Japan | 8 000 000 | 12.6 |
| 4. Germany | 5 774 436 | 9.1 |
| 5. Finland | 3 938 648 | 6.2 |
| 6. Sweden | 3 613 963 | 5.7 |
| 7. Norway | 2 803 813 | 4.4 |
| 8. Switzerland | 2 181 818 | 3.4 |
| 9. Italy | 2 144 389 | 3.4 |
| 10. France | 2 004 008 | 3.1 |
| 11. Netherlands | 1 879 695 | 3.0 |
| 12. Denmark | 976 309 | 1.5 |
| 13. Canada | 925 147 | 1.5 |
| 14. Spain | 862 995 | 1.4 |
| 15. Australia | 829 464 | 1.3 |
| Subtotal | 61 311 685 | 96.3 |
| Others (61) | 2 349 238 | 3.7 |
| **Total contributions** | **63 660 923** | **100.0** |

9. Overall, only 75 States Members of the United Nations or members of a specialized agency contributed to the Fund in 1992 out of a total end-of-year membership of the United Nations of 179. Efforts by UNEP to increase the number of countries contributing to the Fund have not been successful.

10. It is clear that once again the Governing Council is faced with the problems of determining budget parameters in a situation of considerable uncertainty - a situation the Executive Director is faced with in managing the Fund on a continual basis, even from month to month. The Governing Council may feel that it would be timely to consider whether any alternatives are open to it in these circumstances.

11. The Environment Fund has always been seen as a voluntary fund to which Governments have contributed whatever they feel they can afford or wish to pay. The question must be raised, however, whether this is now appropriate in the light of the accepted need to strengthen the financial base of UNEP (and the United Nations system, which is also to be catalysed to undertake environmental activities through the Environment Fund). Alternative contribution structures have been suggested, not least by the management consultants engaged by the Executive Director pursuant to paragraph 2 of Council decision 16/6, who recognized that the uncertainty of its financial structure is the most difficult constraint under which UNEP had to work. They suggested:

(a) That the programme and programme support costs (PPSC) budget and the core programme of activities should be financed by way of assessed contributions;

(b) That a voluntary fund should finance the supplementary or additional budgets.

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12. The Executive Director recognizes the reluctance of some Governments to accept the principle of assessed contributions but believes this is an issue that should at least be addressed. An alternative would be for a system of negotiated pledges, but the record of pledging to the Fund does not suggest that such a system would necessarily provide either higher contributions or greater certainty for planning purposes. The Executive Director is asking for the issue of securing greater certainty in funding to be addressed by the Council at its seventeenth session. This discussion should also perhaps include the issue of increasing the number of countries contributing to the Fund and "ensuring a more stable and wider basis for voluntary contributions" as called for in paragraph 20 of decision 16/44. In this respect, the Executive Director finds it difficult to identify "appropriate indicative comparisons" to use in discussing this issue other than the usual measure of ability to pay that is implied in the scale of assessments for the apportionment of the expenses of the United Nations as agreed by the General Assembly. A schedule indicating actual 1993 contributions to the Fund and the expected contribution for each country using the United Nations scale of assessments and a contribution base of $100 million is set out as annex III as such an indicative comparison.

13. Although the resources available in 1992 current terms were higher than in any previous year since the Environment Fund was established, in view of the increasing priority given by the world community to environmental matters it is relevant to establish the real value of the contributions.

14. Annex II provides a comparison between the current value and real value of contributions to the Environment Fund, taking 1973 as the base year. A conservative rate of 5 per cent has been used to discount for inflation. The figures show that although contributions started to grow in 1988, in real terms (at 5 per cent discount) the situation in 1992 was similar to that of 1976. In other words, the buying power of the resources received in 1992 is much the same as that of those received in 1976.

## II. THE BIENNIUM 1992-1993

### A. *Resources available during 1992*

15. Although contributions did not increase at the expected rate, 1992 saw improvement in the timing of actual payments. Sixty per cent of the estimated contributions were paid during the first half of the year. This undoubtedly helps in the planning of the use of resources, although it would be even more helpful if Governments could give prior notice of the likely date of payment so that this could be taken into account in the forward planning of commitments. Table 3 sets out the proportion of contributions received per quarter for the years 1989-1992 inclusive.

Table 3. Quarterly accumulated proportion of contributions received as a percentage of estimated annual contributions

| | 1989 | 1990 | 1991 | 1992 |
|---|---|---|---|---|
| First quarter | 10.7 | 21.4 | 30.4 | 16.5 |
| Second quarter | 53.4 | 47.1 | 39.3 | 60.0 |
| Third quarter | 76.2 | 66.1 | 67.0 | 88.0 |
| Fourth quarter | 97.4 | 95.0 | 96.0 | 98.1 |

16. Pledged or estimated contributions totalling $2,156,465 in respect of years 1988-1992 were outstanding as at 31 December 1992. Given past experience, it seems likely that most of this sum will be paid during 1993, but a small part will probably not be paid at all. As has been the practice in recent years, it is proposed to write off contributions outstanding for more than four years and any small sums outstanding for the years 1988-1989 will be written off at the end of 1993.

17. In October 1992, UNEP received a contribution of $323,820.01 from the Japan Broadcasting Corporation. Rule 203.3 of the Financial Rules governing the Fund of the United Nations Environment Programme provides that voluntary contributions from non-governmental sources in excess of $100,000 shall be accepted only with the prior approval of the Governing Council. Accordingly, the Executive Director is seeking the Council's authorization for the above contribution to be accepted.

18. Although final details of the Fund's resources and their use in 1992 must await the completion of the financial accounts shortly before the seventeenth session of the Governing Council, table 4 provides a provisional picture of the total resources available in the Environment Fund in 1992.

Table 4. Estimated resources available to the Environment Fund in 1992
(Millions of United States dollars)

| | |
|---|---|
| Balance of Fund brought forward from 1991 (including unpaid pledges) | 35.41 |
| Contributions paid by 31 December 1992 | 62.45 |
| Estimated contributions unpaid as at 31 December 1992 | 1.20 |
| Other income | (2.00) |
| **Total resources** | **97.06** |

B. *Use of resources in 1992*

19. The lower than planned contributions in 1992 obliged the Executive Director to hold back commitments for the $30 million additional Fund programme approved by paragraph 11 of decision 16/44 and also to restrict the $150 million core programme until the contributions outlook was clearer. The claims on resources during 1992 are expected to be as follows:

| | *(Millions of United States dollars)* |
|---|---|
| Programme and programme support costs, including new premises | 19.63 |
| Fund programme activities and programme reserve activities | 50.07 |
| Less underspending on Fund and reserve activities | (10.01) |
| **Total expenditure** | **59.69** |

20. The flow and use of resources in 1992 together with projections for future years is set out in greater detail in annex I.

21. In decision 16/45, the Governing Council approved an initial appropriation of $35.24 million for the programme and programme support costs budget in 1992-1993, together with $3.49 million as a loan to the regular budget of the United Nations for the construction of new office accommodation and a supplementary appropriation of $2.1 million to be utilized only after all resources appropriated for fund programme and fund programme reserve activities had been allocated. Out of the initial $35.24 million, the Executive Director allocated $17.62 million for 1992. Final details by objects of expenditure will not be available until the accounts are issued at the end of March 1993, but provisional figures indicated that approximately $16.14 million was spent, leaving an unspent balance of $1.47 million. The Executive Director's report on programme and programme support costs (UNEP/GC.17/17) sets out revised estimates of expenditure in detail for the biennium 1992-1993. Because it was not possible to incur commitments against the additional programme of Fund activities approved under paragraph 11 of decision 16/44, it was also not possible to utilize the supplementary appropriation of $2.1 million for programme and programme support costs as set out in paragraph 6 of decision 16/45.

22. The Governing Council, by paragraph 10 of decision 16/44, apportioned an appropriation of $150 million for Fund programme activities, and approved an additional appropriation of $30 million to be used as and when additional resources become available. By paragraph 13 of that decision, a further $5 million was approved for Fund programme reserve activities.

23. The Executive Director approved an allocation of resources of $150 million for the core programme and $5 million for the Fund programme reserve but was very cautious when approving projects in 1992. During 1992, projects commitments were restricted to a total of $48.82 million for Fund programme activities and $1.25 million for the Fund programme reserve. In view of the lower than expected increase in contributions, the Executive Director informed the Committee of Permanent Representatives that he did not expect that the additional $30 million programme could be implemented. At the time of writing this report, it has become evident that because of the need to ensure an adequate cash balance at the end of 1993, the Fund programme for 1992-1993 as a whole seems likely to be restricted to $120 million.

24. A $120 million programme implies a 20 per cent reduction on the $150 million programme approved by Governing Council decision 16/44. In view of the shortfall of expected contributions, the Executive Director has decided to effectuate a 20 per cent cut in all subprogramme allocations; the resultant allocations are shown in table 5. The Executive Director still may use her authority, given by the Governing Council, to move resources between budget lines by up to 20 percent if she feels that there is a need to press ahead in particular subprogrammes where insufficient resources are available in the relevant budget line, specifically when urgent activities have been requested under Agenda 21.

Table 5. Environment Fund Programme 1992-1993: revised allocations

| | *Subprogramme/budget line* | *Allocation* (Thousands of United States dollars) |
|---|---|---|
| 1. | Atmosphere | 5 600 |
| 2. | Water | 7 072 |
| 3. | Terrestrial ecosystems | 16 440 |
| 4. | Oceans | 9 560 |
| 5. | Lithosphere | 400 |
| 6. | Human settlements and the environment | 2 680 |
| 7. | Human health and welfare | 2 000 |
| 8. | Energy, industry and transportation | 8 600 |
| 9. | Environmental assessment | 22 440 |
| 10. | Environmental management measures | 13 968 |
| 11. | Environmental awareness | 15 600 |
| 12. | Technical and regional cooperation | 15 640 |
| | **TOTAL** | **120 000** |

### C. *Outlook for resources in 1993*

25. Although the Council approved a target of $100 million for 1992, it seems evident that this target will not be reached even in 1993. As at 31 December 1992, there were only 24 pledges of contributions for 1993 totalling $27.9 million. Nine pledges are at a higher level than 1992, nine are at the same level and six are at a lower level. Collectively, those countries have pledged $4.6 million more than they contributed in 1992.

26. Taking into account informal consultations with Governments and the trend of contributions, it is estimated that 53 countries that have not announced their contributions will pay a total of $37.1 million in 1993. Thus, the total of pledged and estimated contributions is set at $65 million, a sum which represents an increase of only 2.2 per cent over the 1992 estimated contributions of $63.6 million.

27. Accordingly, for planning purposes the Executive Director is working on the basis that the resources available for 1993 will be as follows:

| | *Millions of dollars* |
|---|---|
| Balance of Fund brought forward from 1992 (including unpaid pledges) | 37.38 |
| Contributions for 1993 | 65.00 |
| Other income | 1.00 |
| **Total resources** | **103.38** |

### D. *Planned use of resources in 1993*

28. On the basis of this estimate of resources, the Executive Director is planning their use as follows for 1993:

| | *Millions of dollars* |
|---|---|
| Programme and programme support costs | 19.10 |
| Fund programme activities and programme reserve activities (including estimated delayed activities from 1992) | 84.94 |
| Less underspending in 1993 | (16.99) |
| **Total expenditure** | **87.05** |
| **Balance to be carried forward to 1994** | **16.33** |

29. As indicated above, the Executive Director has been very cautious in committing resources so far in 1992-1993, and it is estimated that the resources available would allow the implementation of a $120 million programme. Nevertheless, the Executive Director will only commit additional resources if sufficient funds are made available, taking into account the need for sufficient cash balances at the end of 1993 to finance the 1994 programme in the first few months of that year before the annual flow of contributions are deposited.

## III. THE BIENNIUM 1994-1995

### A. *The outlook for resources*

30. Although the Governing Council has recognized the need for a higher base of resources than the current one, and UNCED recommended that UNEP should be provided with additional resources, the Executive Director is planning the programme on the conservative assumption that contributions will increase at a rate of only 10 per cent per annum, resulting in total contributions of $71.50 million in 1994 and $78.65 million in 1995. This rate of growth implies that the 1992 $100 million target would only be reached by 1998. On the basis of this assumption, total resources for 1994-1995 are estimated as follows:

| | *Millions of dollars* |
|---|---|
| Balance of Fund brought forward from 1993 | 16.33 |
| Contributions for 1994-1995 | 150.15 |
| Other income | 2.00 |
| **Total resources** | **168.48** |

### B. *Planned use of resources*

31. By paragraph 17 of its decision 16/44, the Governing Council requested the Executive Director to draw up a programme for Fund activities in 1994-1995 with a core programme of $160 million and a supplementary programme of $40 million.

32. The above projection of resources available would not allow the implementation of a $160 million core programme. Accordingly, in order to comply with the request of the Governing Council to prepare a core programme of $160 million while recognizing that resources may only be available to finance $130 million, the Executive Director is submitting for the consideration of the Council in document UNEP/GC.17/7 a core 1, highest priority, programme of $130 million, a core 2, lower priority, programme, of $30 million and a supplementary programme of $40 million. The Fund reserve is kept at the same level as for 1992-1993. On this basis, the following use of resources for 1994-1995 is proposed:

| | *Million of dollars* |
|---|---|
| Programme and programme support costs | 43.61 |
| Fund programme activities (core, highest priority) | 130.00 |
| Fund programme reserve | 5.00 |
| Less: underspending | (16.20) |
| **Total expenditures** | **162.41** |
| **Balance carried forward to 1996** | **3.07** |

33. Although the estimate of available resources would allow the implementation of the proposed programme, the balance to be carried forward to the next biennium, would on these projections be too low to support the programme during the first months of 1996. In that case and if there is a delay in the payments of contributions at the beginning of 1996, the Executive Director would utilize the financial reserve. It must, however, be recognized that the margin of error in following such a strategy is very small and if contributions do not increase faster than projected and if there is not some further increase in the timeliness of their repayment, some further restriction in the 1994-1995 programme may be inescapable.

34. The Executive Director is of the view that, in the light of the very positive decisions taken by UNCED relating to UNEP, she can expect an increase in the resources available over and above those projected in this document. Accordingly, the Executive Director is requesting that the Governing Council to approve, firstly, an appropriation for Fund programme activities of $130 million with a further appropriation of $5 million for the Fund programme reserve. Secondly, she is requesting the Governing Council to approve two further appropriations, one for $30 million, to cover priority activities that could not be implemented with the above resource estimates, and a second one for $40 million to support the additional programme approved in decision 16/44. The Executive Director will allocate funding to these activities only as and when additional resources become available. The proposed apportionment of these appropriations may be found in the report of the Executive Director containing the proposed programme of Fund activities for the biennium 1994-1995 (UNEP/GC.17/7).

35. The Executive Director is submitting to the Council proposals for the programme and programme support costs budget for 1994-1995 (UNEP/GC.17/17). That budget is financed from the Environment Fund and is a first charge on it. If approved in full, it will cost $43.61 million for the biennium and will represent 29 per cent of the contributions of $150.15 million assumed in paragraph 30 above.

### C. *The Fund programme reserve*

36. In accordance with rule 209.3 of the financial rules of the Fund, a Fund programme reserve has been established "to meet unforseen needs, to finance unanticipated projects or phases of projects and to meet such other purposes as may be determined from time to time by the Governing Council". By paragraph 13 of decision 16/44 the Council approved the level of this reserve at $5 million for the biennium 1992-1993. The Executive Director proposes that this level be maintained for the biennium 1994-1995.

## IV. THE BIENNIUM 1996-1997

37. Annex I on the flow and use of resources of the Fund through 1997 assumes a 10 per cent annual increase of contributions after 1993. If this proves correct, the total contributions to the Fund during 1996-1997 will be around $180 million. If the programme and programme support costs budget is provisionally established at $52 million for the biennium, then the Fund programme will have to be established at the same level as the biennium 1994-1995, and even the biennium 1992-1993, that is $130 million. In the view of the Executive Director such an assignment of resources to the Environment Fund does not follow the recommendations of UNCED.

38. The Executive Director requests guidance from the Council on the level of the programme that she should draw up for the biennium 1996-1997. This level will of course depend on the target set for contributions. On the assumption that the contributions would grow at 10 per cent per year, the following would be the resources available for that biennium:

| | *Millions of dollars* |
|---|---|
| Balance of Fund brought forward from 1995 (including unpaid pledges) | 6.07 |
| Contributions paid during 1996-1997 | 181.65 |
| Other income | 2.00 |
| **Total resources** | **189.72** |

39. In line with the above estimate of resources which would be available for the biennium 1996-1997, the Executive Director proposes the following use of resources:

| | *Millions of dollars* |
|---|---|
| Programme and programme support costs | 52.00 |
| Fund programme activities | 130.00 |
| Fund programme reserve | 5.00 |
| Less: underspending | (16.20) |
| **Total expenditures** | **170.80** |
| **Balance carried over to 1998** | **18.92** |

40. By paragraph 16 of its decision 16/44 the Council authorized the Executive Director to enter into forward commitments not exceeding $20 million for Fund programme activities in 1994-1995. As at 31 December 1991, $1 million have been committed. The Council is requested to give the Executive Director the sam authority to enter into forward commitments up to $20 million for the biennium 1996-1997

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Annex I

FLOW AND USE OF RESOURCES OF THE FUND THROUGH 1997

(December 1992)

| | 1991 Actual | 1992 Estimate | 1993 Estimate | 1994 Projection | 1995 Projection | 1996 Projection | 1997 Projection |
|---|---|---|---|---|---|---|---|
| | (Millions of United States dollars) | | | | | | |
| RESOURCES | | | | | | | |
| (a) Balance of Fund on 1 January | 37.10 | 35.41 | 37.37 | 16.33 | 13.03 | 6.07 | 13.57 |
| (b) Contributions paid by 30 December 1992 | 58.80 | 62.45 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 |
| (c) Estimated contributions due for years shown | 0.20 | 1.20 | 64.97 | 71.50 | 78.65 | 86.50 | 95.15 |
| (d) Miscellaneous income | 2.56 | -2.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| TOTAL RESOURCES | 98.66 | 97.06 | 103.38 | 88.83 | 92.68 | 93.57 | 109.72 |
| CLAIMS ON RESOURCES | | | | | | | |
| (e) Programme and programme support costs* | 14.86 | 16.14 | 19.10 | 21.80 | 21.81 | 26.00 | 26.00 |
| (f) - Fund programme activities | 32.32 | 48.82 | 80.94 | 65.00 | 78.00 | 65.00 | 78.00 |
| (g) - Fund programme reserved activities | 1.92 | 1.25 | 4.00 | 2.50 | 3.00 | 2.50 | 3.00 |
| (h) - Additional programme | 11.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (i) Project commitments to be cancelled or rephased to later years | 0.00 | -10.01 | -16.99 | -13.50 | - 16.20 | -13.50 | - 16.20 |
| (j) Total project expenditure (f+g+h+i) | 45.88 | 40.06 | 67.96 | 54.00 | 64.80 | 54.00 | 64.80 |
| (k) New premises expenditures | 2.51 | 3.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (l) TOTAL CLAIMS (e+j+k) | 63.25 | 59.69 | 87.06 | 75.80 | 86.61 | 80.00 | 90.80 |
| BALANCE OF FUND ON 31 DECEMBER | 35.41 | 37.37 | 16.33 | 13.03 | 6.07 | 13.57 | 18.92 |

* Excluding cost of new premises

*Notes*: Biennial Environment Fund programmes set at:

1992-1993: $120 million
1994-1995: $130 million
1996-1997: $130 million
Estimated contributions for 1993: $65.0 million
Annual growth in contributions 1994-1997: 10%

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*Annex II*

CURRENT AND REAL VALUE OF CONTRIBUTIONS
TO THE ENVIRONMENT FUND

1973-1992

(Millions of United States dollars)

| Year | Current value | | Real value* | |
|---|---|---|---|---|
| | Environment Fund | Regular budget | Environment Fund | Regular budget |
| 1973 | 6.56 | 1.75 | 6.56 | 1.75 |
| 1974 | 17.78 | 2.46 | 17.78 | 2.46 |
| 1975 | 16.86 | 2.43 | 15.29 | 2.20 |
| 1976 | 27.93 | 2.89 | 24.13 | 2.50 |
| 1977 | 29.05 | 3.11 | 23.90 | 2.56 |
| 1978 | 28.48 | 3.71 | 22.31 | 2.91 |
| 1979 | 31.83 | 4.33 | 23.75 | 3.23 |
| 1980 | 26.83 | 5.58 | 19.07 | 3.97 |
| 1981 | 35.55 | 5.33 | 24.06 | 3.61 |
| 1982 | 30.33 | 5.75 | 19.55 | 3.71 |
| 1983 | 27.82 | 5.23 | 17.08 | 3.21 |
| 1984 | 22.34 | 5.11 | 13.06 | 2.99 |
| 1985 | 36.32 | 4.88 | 20.22 | 2.72 |
| 1986 | 29.38 | 3.98 | 15.58 | 2.11 |
| 1987 | 31.90 | 5.05 | 16.11 | 2.55 |
| 1988 | 34.00 | 4.54 | 16.35 | 2.18 |
| 1989 | 38.58 | 5.63 | 17.67 | 2.58 |
| 1990 | 51.64 | 4.68 | 22.53 | 2.04 |
| 1991 | 59.38 | 6.16 | 24.67 | 2.56 |
| 1992 | 63.66 | 6.37 | 25.19 | 2.52 |

*Annex III*

**COMPARISON BETWEEN THE LEVEL OF CONTRIBUTIONS CALCULATED BY APPLYING UNITED NATIONS SCALE OF ASSESSMENTS TO A TARGET OF $100 MILLION AND CONTRIBUTIONS ACTUALLY PAID TO THE ENVIRONMENT FUND FOR 1992**

| | Country | Expected contribution based on United Nations scale of assessments and target of $100 million | | Actual 1992 contribution | |
|---|---|---|---|---|---|
| | | (%) | ($) | ($) | (%) |
| A. | *United Nations Member States* | | | | |
| 1 | Afghanistan | 0.01 | 10,000 | 0 | 0.000 |
| 2 | Albania | 0.01 | 10,000 | 0 | 0.000 |
| 3 | Algeria | 0.16 | 160,000 | 0 | 0.000 |
| 4 | Angola | 0.01 | 10,000 | 0 | 0.000 |
| 5 | Antigua and Barbuda | 0.01 | 10,000 | 0 | 0.000 |
| 6 | Argentina | 0.57 | 570,000 | 70,000 | 0.114 |
| 7 | Armenia | 0.13 | 130,000 | 0 | 0.000 |
| 8 | Australia | 1.51 | 1,510,000 | 829,464 | 1.350 |
| 9 | Austria | 0.75 | 750,000 | 442,478 | 0.720 |
| 10 | Azerbaijan | 0.22 | 220,000 | 0 | 0.000 |
| 11 | Bahamas | 0.02 | 20,000 | 0 | 0.000 |
| 12 | Bahrain | 0.03 | 30,000 | 5,235 | 0.009 |
| 13 | Bangladesh | 0.01 | 10,000 | 2,550 | 0.004 |
| 14 | Barbados | 0.01 | 10,000 | 1,350 | 0.002 |
| 15 | Belarus | 0.48 | 480,000 | 0 | 0.000 |
| 16 | Belgium | 1.06 | 1,060,000 | 382,537 | 0.623 |
| 17 | Belize | 0.01 | 10,000 | 0 | 0.000 |
| 18 | Benin | 0.01 | 10,000 | 0 | 0.000 |
| 19 | Bhutan | 0.01 | 10,000 | 600 | 0.001 |
| 20 | Bolivia | 0.01 | 10,000 | 0 | 0.000 |
| 21 | Bosnia and Hercegovina | 0.04 | 40,000 | 0 | 0.000 |
| 22 | Botswana | 0.01 | 10,000 | 4,366 | 0.007 |
| 23 | Brazil | 1.59 | 1,590,000 | 20,000 | 0.033 |
| 24 | Brunei Darussalam | 0.03 | 30,000 | 0 | 0.000 |
| 25 | Bulgaria | 0.13 | 130,000 | 1,639 | 0.003 |
| 26 | Burkina Faso | 0.01 | 10,000 | 0 | 0.000 |
| 27 | Burundi | 0.01 | 10,000 | 5,198 | 0.008 |
| 28 | Cambodia | 0.01 | 10,000 | 0 | 0.000 |
| 29 | Cameroon | 0.01 | 10,000 | 0 | 0.000 |
| 30 | Canada | 3.11 | 3,110,000 | 866,142 | 1.410 |
| 31 | Cape Verde | 0.01 | 10,000 | 0 | 0.000 |
| 32 | Central African Republic | 0.01 | 10,000 | 0 | 0.000 |
| 33 | Chad | 0.01 | 10,000 | 0 | 0.000 |
| 34 | Chile | 0.08 | 80,000 | 5,000 | 0.008 |
| 35 | China | 0.77 | 770,000 | 114,200 | 0.186 |
| 36 | Colombia | 0.13 | 130,000 | 35,000 | 0.057 |
| 37 | Comoros | 0.01 | 10,000 | 0 | 0.000 |
| 38 | Congo | 0.01 | 10,000 | 0 | 0.000 |
| 39 | Costa Rica | 0.01 | 10,000 | 0 | 0.000 |
| 40 | Cote d'Ivoire | 0.02 | 20,000 | 0 | 0.000 |
| 41 | Croatia | 0.13 | 130,000 | 0 | 0.000 |
| 42 | Cuba | 0.09 | 90,000 | 0 | 0.000 |
| 43 | Cyprus | 0.02 | 20,000 | 3,000 | 0.005 |
| 44 | Czechoslovakia a/ | 0.55 | 550,000 | 30,621 | 0.050 |

| | Country | Expected contribution based on United Nations scale of assessments and target of $100 million | | Actual 1992 contribution | |
|---|---|---|---|---|---|
| | | (%) | ($) | ($) | (%) |
| 45 | Democratic Republic of Korea | 0.05 | 50,000 | 0 | 0.000 |
| 46 | Denmark | 0.65 | 650,000 | 976,309 | 1.589 |
| 47 | Djibouti | 0.01 | 10,000 | 0 | 0.000 |
| 48 | Dominica | 0.01 | 10,000 | 0 | 0.000 |
| 49 | Dominican Republic | 0.02 | 20,000 | 0 | 0.000 |
| 50 | Ecuador | 0.03 | 30,000 | 0 | 0.000 |
| 51 | Egypt | 0.07 | 70,000 | 6,042 | 0.010 |
| 52 | El Salvador | 0.01 | 10,000 | 0 | 0.000 |
| 53 | Equiatorial Guinea | 0.01 | 10,000 | 0 | 0.000 |
| 54 | Estonia | 0.07 | 70,000 | 0 | 0.000 |
| 55 | Ethiopia | 0.01 | 10,000 | 0 | 0.000 |
| 56 | Fiji | 0.01 | 10,000 | 0 | 0.000 |
| 57 | Finland | 0.57 | 570,000 | 3,938,648 | 6.411 |
| 58 | France | 6.00 | 6,000,000 | 2,004,008 | 3.262 |
| 59 | Gabon | 0.02 | 20,000 | 6,000 | 0.010 |
| 60 | Gambia | 0.01 | 10,000 | 0 | 0.000 |
| 61 | Georgia | 0.21 | 210,000 | 0 | 0.000 |
| 62 | Germany | 8.93 | 8,930,000 | 5,774,436 | 9.399 |
| 63 | Ghana | 0.01 | 10,000 | 0 | 0.000 |
| 64 | Greece | 0.35 | 350,000 | 11,189 | 0.018 |
| 65 | Grenada | 0.01 | 10,000 | 0 | 0.000 |
| 66 | Guatemala | 0.02 | 20,000 | 0 | 0.000 |
| 67 | Guinea | 0.01 | 10,000 | 0 | 0.000 |
| 68 | Guinea Bissau | 0.01 | 10,000 | 0 | 0.000 |
| 69 | Guyana | 0.01 | 10,000 | 10,000 | 0.016 |
| 70 | Haiti | 0.01 | 10,000 | 0 | 0.000 |
| 71 | Honduras | 0.01 | 10,000 | 0 | 0.000 |
| 72 | Hungary | 0.18 | 180,000 | 44,010 | 0.072 |
| 73 | Iceland | 0.03 | 30,000 | 5,145 | 0.008 |
| 74 | India | 0.36 | 360,000 | 100,000 | 0.163 |
| 75 | Indonesia | 0.16 | 160,000 | 15,000 | 0.024 |
| 76 | Iran (Islamic Republic of) | 0.77 | 770,000 | 30,000 | 0.049 |
| 77 | Iraq | 0.13 | 130,000 | 0 | 0.000 |
| 78 | Ireland | 0.18 | 180,000 | 101,910 | 0.166 |
| 79 | Israel | 0.23 | 230,000 | 0 | 0.000 |
| 80 | Italy | 4.29 | 4,290,000 | 2,144,389 | 3.491 |
| 81 | Jamaica | 0.01 | 10,000 | 932 | 0.002 |
| 82 | Japan | 12.45 | 12,450,000 | 8,000,000 | 13.022 |
| 83 | Jordan | 0.01 | 10,000 | 10,000 | 0.016 |
| 84 | Ka akhstan | 0.35 | 350,000 | 0 | 0.000 |
| 85 | Kenya | 0.01 | 10,000 | 50,315 | 0.082 |
| 86 | Kuwait | 0.25 | 250,000 | 200,000 | 0.326 |
| 87 | Kyrgy stan | 0.06 | 60,000 | 0 | 0.000 |
| 88 | Lao People's Democratic Republic | 0.01 | 10,000 | 2,000 | 0.003 |
| 89 | Latvia | 0.13 | 130,000 | 0 | 0.000 |
| 90 | Lebanon | 0.01 | 10,000 | 0 | 0.000 |
| 91 | Lesotho | 0.01 | 10,000 | 0 | 0.000 |
| 92 | Liberia | 0.01 | 10,000 | 0 | 0.000 |
| 93 | Libya | 0.24 | 240,000 | 0 | 0.000 |
| 94 | Liechtenstein | 0.01 | 10,000 | 0 | 0.000 |

| | Country | Expected contribution based on United Nations scale of assessments and target of $100 million | | Actual 1992 contribution | |
|---|---|---|---|---|---|
| | | (%) | ($) | ($) | (%) |
| 95 | Lithuania | 0.15 | 150,000 | 0 | 0.000 |
| 96 | Luxembourg | 0.06 | 60,000 | 33,378 | 0.054 |
| 97 | Madagascar | 0.01 | 10,000 | 0 | 0.000 |
| 98 | Malawi | 0.01 | 10,000 | 1,974 | 0.003 |
| 99 | Malaysia | 0.12 | 120,000 | 20,000 | 0.033 |
| 100 | Maldives | 0.01 | 10,000 | 0 | 0.000 |
| 101 | Mali | 0.01 | 10,000 | 0 | 0.000 |
| 102 | Malta | 0.01 | 10,000 | 0 | 0.000 |
| 103 | Marshall Islands | 0.01 | 10,000 | 0 | 0.000 |
| 104 | Mauritania | 0.01 | 10,000 | 0 | 0.000 |
| 105 | Mauritius | 0.01 | 10,000 | 4,617 | 0.008 |
| 106 | Mexico | 0.88 | 880,000 | 3,900 | 0.006 |
| 107 | Micronesia (Federated States of) | 0.01 | 10,000 | 0 | 0.000 |
| 108 | Moldova (Republic of) | 0.15 | 150,000 | 0 | 0.000 |
| 109 | Mongolia | 0.01 | 10,000 | 1,000 | 0.002 |
| 110 | Morocco | 0.03 | 30,000 | 10,000 | 0.016 |
| 111 | Mozambique | 0.01 | 10,000 | 0 | 0.000 |
| 112 | Myanmar | 0.01 | 10,000 | 0 | 0.000 |
| 113 | Namibia | 0.01 | 10,000 | 0 | 0.000 |
| 114 | Nepal | 0.01 | 10,000 | 0 | 0.000 |
| 115 | Netherlands | 1.50 | 1,500,000 | 1,879,695 | 3.060 |
| 116 | New Zealand | 0.24 | 240,000 | 0 | 0.000 |
| 117 | Nicaragua | 0.01 | 10,000 | 500 | 0.001 |
| 118 | Niger | 0.01 | 10,000 | 0 | 0.000 |
| 119 | Nigeria | 0.20 | 200,000 | 32,000 | 0.052 |
| 120 | Norway | 0.55 | 550,000 | 2,803,813 | 4.564 |
| 121 | Oman | 0.03 | 30,000 | 10,000 | 0.016 |
| 122 | Pakistan | 0.06 | 60,000 | 5,000 | 0.008 |
| 123 | Panama | 0.02 | 20,000 | 4,000 | 0.007 |
| 124 | Papua New Guinea | 0.01 | 10,000 | 0 | 0.000 |
| 125 | Paraguay | 0.02 | 20,000 | 0 | 0.000 |
| 126 | Peru | 0.06 | 60,000 | 0 | 0.000 |
| 127 | Philippines | 0.07 | 70,000 | 5,000 | 0.008 |
| 128 | Poland | 0.47 | 470,000 | 99,861 | 0.163 |
| 129 | Portugal | 0.20 | 200,000 | 0 | 0.000 |
| 130 | Qatar | 0.05 | 50,000 | 10,000 | 0.016 |
| 131 | Republic of Korea | 0.69 | 690,000 | 15,000 | 0.024 |
| 132 | Romania | 0.17 | 170,000 | 1,923 | 0.003 |
| 133 | Russian Federation | 6.71 | 6,710,000 | 0 | 0.000 |
| 134 | Rwanda | 0.01 | 10,000 | 0 | 0.000 |
| 135 | St. Kitts & Nevis | 0.01 | 10,000 | 0 | 0.000 |
| 136 | St. Lucia | 0.01 | 10,000 | 3,000 | 0.005 |
| 137 | St. Vincent & the Grenadines | 0.01 | 10,000 | 0 | 0.000 |
| 138 | Samoa | 0.01 | 10,000 | 0 | 0.000 |
| 139 | San Marino | 0.01 | 10,000 | 0 | 0.000 |
| 140 | Sao Tome & Principe | 0.01 | 10,000 | 0 | 0.000 |
| 141 | Saudi Arabia | 0.96 | 960,000 | 250,000 | 0.407 |
| 142 | Senegal | 0.01 | 10,000 | 0 | 0.000 |
| 143 | Seychelles | 0.01 | 10,000 | 600 | 0.001 |
| 144 | Sierra Leone | 0.01 | 10,000 | 0 | 0.000 |

| | Country | Expected contribution based on United Nations scale of assessments and target of $100 million | | Actual 1992 contribution | |
|---|---|---|---|---|---|
| | | (%) | ($) | ($) | (%) |
| 145 | Singapore | 0.12 | 120,000 | 1,000 | 0.002 |
| 146 | Slovenia | 0.09 | 90,000 | 0 | 0.000 |
| 147 | Solomon Islands | 0.01 | 10,000 | 0 | 0.000 |
| 148 | Somalia | 0.01 | 10,000 | 0 | 0.000 |
| 149 | South Africa | 0.41 | 410,000 | 0 | 0.000 |
| 150 | Spain | 1.98 | 1,980,000 | 862,995 | 1.405 |
| 151 | Sri Lanka | 0.01 | 10,000 | 0 | 0.000 |
| 152 | Sudan | 0.01 | 10,000 | 0 | 0.000 |
| 153 | Suriname | 0.01 | 10,000 | 0 | 0.000 |
| 154 | Swaziland | 0.01 | 10,000 | 13,612 | 0.022 |
| 155 | Sweden | 1.11 | 1,110,000 | 3,613,963 | 5.883 |
| 156 | Syria | 0.04 | 40,000 | 0 | 0.000 |
| 157 | Tajikistan | 0.05 | 50,000 | 0 | 0.000 |
| 158 | Thailand | 0.11 | 110,000 | 10,000 | 0.016 |
| 159 | Togo | 0.01 | 10,000 | 0 | 0.000 |
| 160 | Trinidad & Tobago | 0.05 | 50,000 | 4,235 | 0.007 |
| 161 | Tunisia | 0.03 | 30,000 | 15,180 | 0.025 |
| 162 | Turkey | 0.27 | 270,000 | 12,150 | 0.020 |
| 163 | Turkmenistan | 0.06 | 60,000 | 0 | 0.000 |
| 164 | Uganda | 0.01 | 10,000 | 0 | 0.000 |
| 165 | Ukraine | 1.87 | 1,870,000 | 0 | 0.000 |
| 166 | United Arab Emirates | 0.21 | 210,000 | 0 | 0.000 |
| 167 | United Kingdom | 5.02 | 5,020,000 | 8,253,000 | 13.434 |
| 168 | United Republic of Tanzania | 0.01 | 10,000 | 8,495 | 0.014 |
| 169 | United States of America | 25.00 | 25,000,000 | 17,124,000 | 27.874 |
| 170 | Uruguay | 0.04 | 40,000 | 10,000 | 0.016 |
| 171 | Uzbekistan | 0.26 | 260,000 | 0 | 0.000 |
| 172 | Vanuatu | 0.01 | 10,000 | 0 | 0.000 |
| 173 | Venezuela | 0.49 | 490,000 | 54,382 | 0.089 |
| 174 | Viet Nam | 0.01 | 10,000 | 0 | 0.000 |
| 175 | Yemen | 0.01 | 10,000 | 5,454 | 0.009 |
| 176 | Yugoslavia | 0.16 | 160,000 | 0 | 0.000 |
| 177 | Zaire | 0.01 | 10,000 | 0 | 0.000 |
| 178 | Zambia | 0.01 | 10,000 | 0 | 0.000 |
| 179 | Zimbabwe | 0.01 | 10,000 | 0 | 0.000 |
| | TOTAL A | 100.00 | 100,000,000 | 61,433,441 | 100.000 |
| B. | *Non-member States* | | | | |
| 180 | Switzerland b/ | 1.16 | 1,160,000 | 2,181,818 | 3.552 |
| | TOTAL A + B | 101.16 | 101,160,000.00 | 63,615,259 | 103.552 |

a/ Czechoslovakia ceased to exist as of 1 January 1993. The General Assembly has yet to decide on the assessment rates for its two successor States, the Czech Republic and Slovakia, which are now Members of the United Nations.

b/ Although Switzerland is not a Member of the United Nations, it contributes to the Environment Fund.